	ing F	ro	cedures Re _l	port				
ssued under Local Govern		68, as	amended.	Local Governme	ent Name **See Note	Below	County	
City	Town	nship		1	y Fire Department		0ak1	and
Audit Date June	30, 20	005	Opinion Date September	12, 2005	Date Accountant Report Submitt October 4, 2005	ed to State:		
We have a	audited the	ne fina	atements of the Gove	ernmental Accor	government and rendered unting Standards Board (C ent in Michigan by the Michi	SASB) and th	e Uniform Re	porting Format f
We affirm		m - J	itte the Distriction for the	Audita of Local I	Units of Government in Mis	higan as revise	ıd `	
			lic accountants registe		Units of Government in Mici	ngan as revise	· ·	
	affirm th	e folio	owing. "Yes" response:		closed in the financial state	ments, includir	ig the notes, o	r in the report of
ou must o	check the	appli	cable box for each iter	n below.				
Yes	x No	1.	Certain component un	its/funds/agenci	es of the local unit are exclu	uded from the f	financial state	ments.
Yes	x No		There are accumulate 275 of 1980).	d deficits in one	e or more of this unit's unr	eserved fund	balances/retair	ned earnings (P. <i>.</i>
X Yes	☐ No		There are instances of amended).	of non-complian	ace with the Uniform Acco	unting and Bu	dgeting Act (F	P.A. 2 of 1968,
Yes	X No	 The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act. 						
Yes	Yes x No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943 as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).							
Yes	x No	6.	The local unit has bee	n delinquent in d	distributing tax revenues tha	at were collecte	ed for another	taxing unit.
The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earner Yes x No 7. pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfundin credits are more than the normal cost requirement, no contributions are due (paid during the year).								
Yes	x No		The local unit uses of (MCL 129.241).	redit cards and	has not adopted an appli	icable policy a	s required by	P.A. 266 of 19
Yes	X No	9.	The local unit has not	adopted an inve	estment policy as required b	y P.A. 196 of 1	1997 (MCL 129	9.95).
We have	enclosed	i the	following:			Enclosed	To Be Forwarded	Not Required
The letter	of comm	ents	and recommendations			X		
Reports o	n individu	ual fe	deral financial assistan	ce programs (pr	rogram audits).			х
Single Au	ıdit Repor	ts (A	SLGU).					X
Certified Pu	blic Accoun	tant (Fi	rm Name)					
1			, P.L.C.					
Street Addre	ess		Lake Road, Su	ite 360	City Bloomfiel	d Hills	1 -	18304-2377
Accountant		5	1 m 7/2		1 3 3		Date	105

**Note - The Fire Department is supported by equal contributions from the communities of Keego Harbor, Orchard Lake and Sylvan Lake.

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JANZ & KNIGHT, P.L.C.

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MEMBERS

AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS MICHIGAN ASSOCIATION OF CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Members of the Board Tri-City Fire Department

FREDERICK C. JANZ

ROBERT I. KNIGHT KENNETH E. ZINK

JOHN M. FOSTER

JOHN W. MACKEY

JOSHUA J. LYNN

R.JOSHUA GIRTH

MICHAEL V. HIGGINS

JOHN E. MIELKE, JR. DAWN M. LENGERS

MATTHEW S. PEARCE

We have audited the accompanying financial statements of the governmental activities and each major fund of Tri-City Fire Department, as of and for the year ended June 30, 2005, which collectively comprise the Fire Department's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Tri-City Fire Department management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also include assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, and each major fund of the Tri-City Fire Department, as of June 30, 2005 and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information as identified in the table of contents, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

/erv truly yours.

Certified Public Accountants

Jany & Engle, PLC

Bloomfield Hills, Michigan

September 12, 2005

June 30, 2005

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Tri-City Fire Department's (the Fire Department) management's discussion and analysis is designed to assist the reader in focusing on significant financial issues, provide an overview of the Fire Department's financial activity, identify changes in the Fire Department's financial position (its ability to address the next and subsequent years' challenges), identify significant variances from the approved budget, and identify individual fund issues or concerns.

Using this Annual Report

The Fire Department's annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities provide information about the activities of the Fire Department as a whole and present a longer-term view of the Fire Department's finances. Fund financial statements tell how these services were financed in the short-term, as well as what remains for future spending. Fund financial statements also report the Fire Department's operations in more detail than government-wide financial statements.

Government-Wide Financial Statements

The government-wide financial statements consist of the Statement of Net Assets and Statement of Activities. They are designed to be corporate-like in that all governmental funds are consolidated into columns which add to a total for the primary government. These statements include all assets and liabilities using the accrual basis of accounting. All of the current year's revenues and expenses are also taken into account regardless of timing of cash being paid or received.

The Fire Department as a Whole

Net Assets - The Fire Department's combined net assets were \$1,701,683 and \$1,766,428 at the close of the years ended June 30, 2005 and 2004, respectively. This represents a decrease of \$64,745 or a 4% decrease from a year ago. The majority of this decrease is related to depreciation.

The following table reflects the condensed Statement of Net Assets for the years ended June 30, 2005 and 2004:

Table 1 Statement of Net Assets

ASSETS	Governmental June 30, 2005	Activities June 30, 2004
Current and other assets Capital assets	\$ 272,365.10 1,429,621.78	\$ 285,743.46 1,492,093.83
Total assets	<u>\$1,701,986.88</u>	\$1,777,837.29
LIABILITIES AND NET ASSETS		
Current and other !iabilities	\$ 304.34	\$ 11,408.95
Total liabilities	\$ 304.34	\$ 11,408.95
Net assets: Invested in capital assets, net of related debt Unrestricted	1,429,621.78 272,060.76	1,492,093.83 274,334.51
Total net assets	<u>\$1,701,682.54</u>	<u>\$1,766,428.34</u>
Total liabilities and net assets	<u>\$1,701,986.88</u>	\$1,777,837.29

June 30, 2005

Unrestricted net assets are net assets that can be used to finance day to day operations. Designated net assets of the Fire Department totaled \$272,061. These net assets have limitations on their use that were imposed by the Board. The investment in capital assets represents the Fire Department's capital assets that provide services to citizens; accordingly, these assets are not available for future spending.

The following table shows the changes in net assets for the years ended June 30, 2005 and 2004:

Table 2 Changes in Net Assets

	Governmental		Ac	Activities	
	<u>Jur</u>	ne 30, 2005	<u>Ju</u>	ne 30, 2004	
Program Revenue:					
Charges for services	\$	582,750.00	\$	477,447.84	
General Revenue:					
Investment income		4,621.94		3,128.61	
Miscellaneous		(271.30)		(3,170.67)	
Loss on donation of assets				(11,529.58)	
Total revenue	\$	587,100.64	\$	465,876.20	
Program Expenses:					
Public safety		651,846.44		641,038.76	
Total program expenses	\$	651,846.44	<u>\$</u>	641,038.76	
Increase (decrease) in net assets	\$	(64,745.80)	\$	(175,162.56)	
Net assets - July 1, 2004	1.	766,428.34	_1	941,590.90	
Net assets - June 30, 2005	<u>\$1</u>	701,682.54	\$1	<u>,766,428.34</u>	

As shown in the above table total revenues for the years ended June 30, 2005 and 2004 were \$587,101 and \$465,876, respectively, of which the majority of revenues were obtained from participating cities. Total expenses for the years ended June 30, 2005 and 2004 were \$651,846 and \$641,039, respectively, of which 89.4% and 86.6%, respectively, of the Fire Department's expenses related to the contract with West Bloomfield for operations.

The Fire Department Funds

The analysis of the Fire Department's major funds begins on page 8, following the government-wide financial statements. The fund financial statements provide detail information about the most significant funds, not the Fire Department as a whole. The Fire Department Board creates funds to help manage money for specific purposes as well as to show accountability for certain activities, such as special property tax millages. The Fire Department's major fund for 2005 is the General Fund.

The General Fund is the main operating fund of the Fire Department. Total revenues for the years ended June 30, 2005 and 2004 were \$587,101 and \$477,406, respectively. Of this revenue, contributions from City's accounted for the majority of the total revenue. Total expenditures for the years were \$589,374 and \$573,476, respectively. This included \$582,750 paid to West Bloomfield Township for fire protection. At June 30, 2005 the unreserved fund balance of \$272,061 represented 46% of the total General Fund expenditures for the year.

General Fund Budgetary Highlights

Over the course of the year, the Fire Department Board did amended the budget.

The Fire Department overall expenditures stayed below budget, resulting in total expenditures of \$4,251 below budget. The General Fund's fund balance did decrease \$2,274. The decrease is primarily due to investment income being significantly less than budgeted.

June 30, 2005

Capital Asset and Debt Administration

Capital Assets

At the end of fiscal year 2005, the Fire Department had \$1,429,621.78 invested in a broad range of capital assets (net of accumulated depreciation), including buildings and fire equipment. The Fire Department leases its assets to West Bloomfield Township for \$1.00, annually.

Long-Term Debt

The Fire Department's total indebtedness as of June 30, 2005 is none.

Economic Factors and Next Year's Budgets and Rates

The Fire Department's fiscal 2006 budget was prepared using various economic factors as follows:

Revenues

The Fire Department will assess participating City's an amount equal to West Bloomfield's contracted services, since no undesignated fund balance remains.

Expenditures

The contracted services from West Bloomfield will increase 5% per contract.

The fiscal 2006 General Fund budget expects a surplus of approximately \$5,350. Accordingly, the Fire Department is planning on using this surplus to restore the designated truck fund. The projected General Fund's fund balance at June 30, 2006 is approximately \$277,400 which represents approximately 47% of the General Fund expenditures for the year.

Request for Information

This financial report is intended to provide citizens, taxpayers, customers, and investors with a general overview of the Fire Department's finances and to show the Fire Department's accountability for the money it receives. If you have any questions or concerns about this report or need additional information, contact the Fire Department, at the Tri-City Fire Department, 3300 Orchard Lake Road, Orchard Lake, Michigan 48342.

- JANZ & KNIGHT P.L.C. CERTIFIED PUBLIC ACCOUNTANTS

TRI-CITY FIRE DEPARTMENT

STATEMENT OF NET ASSETS

June 30, 2005

	Governmental Fund Types General Fund	
ASSETS		
Cash and investments	\$ 271,382.00 983.10 1,429,621.78	
Total assets	\$1,701,986.88	
LIABILITIES AND NET ASSETS		
Accounts payable	\$ 304.34	
Total liabilities	\$ 304.34	
Net assets: Invested in capital assets	1,429,621.78	
Unrestricted	272,060.76	
Total net assets	\$1,701,682.54	
Total liabilities and net assets	\$1,701,986.88	

STATEMENT OF ACTIVITIES

		F	Program Revenue	s	Net (Expense) Revenue and Changes in Net Assets
			Operating	Capital	
Functions/Programs	Expenses	Charges for Services	Grants and	Grants and	Governmental
Primary government	Expenses	Ser Vices	Contributions	Contributions	Activities
Governmental activities:					
Public safety	. \$ 651,846.44	\$582,750.00		<u> </u>	\$ (69,096.44)
Total governmental activities	. \$ 651,846.44	\$582,750.00	<u> </u>	<u> </u>	\$ (69,096.44)
Total primary government	. \$ 651,846.44	\$582,750.00	<u>\$ -</u>	<u> </u>	\$ (69,096.44)
	General revenue	s:			
	interest inco	me			4,621.94
	Miscellaneous				(271.30)
	Total	general revenu	les		\$ 4,350.64
	Change	es in net asset	ts		\$ (64,745.80)
	Net assets - Ju	ly 1, 2004			1,766,428.34
	Net assets – Ju	ne 30, 2005			\$1,701,682.54

GOVERNMENTAL FUND BALANCE SHEET

June 30, 2005

	Genera I Fund
ASSETS	
Cash and investments	\$ 271,382.00 983.10
Total assets	\$ 272,365.10
LIABILITIES AND FUND EQUITY	
Accounts payable	\$ 304.34
Total liabilities	\$ 304.34
Fund balances: Unreserved: Designated for fire trucks	272,060.76
Total fund balances	\$ 272,060.76
Total liabilities and fund balances	\$ 272,365.10
Total governmental fund balances	\$ 272,060.76
Amounts reported for governmental activities in the stateme of net assets are different because:	nt
Capital assets used in governmental activities are not financial resources, and are not reported in the governmental funds:	
Governmental capital assets	1,975,969.91 (546,348.13) \$1,429,621.78
Net assets of governmental activities	\$1,701,682.54

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUND TYPES

	General
Revenues: Charges for services: Assessments for fire protection	\$ 582,750.00
Interest income	4,621.94
Miscellaneous: Loss on sale of security	876.00
Expenditures: Public safety	589,374.39
Capital outlay	-
Total expenditures	\$ 589,374.39
Excess of revenues over (under) expenditures	\$ (2,273.75)
Fund balance, beginning of year	274,334.51
Fund balance, end of year	\$ 272,060.76

JANZ & KNIGHT, P.L.C. · CERTIFIED PUBLIC ACCOUNTANTS

TRI-CITY FIRE DEPARTMENT

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

Net change in fund balances - total governmental fund $(2,273.75)$
Amounts reported for governmental activities in the statement of activities are different because:
Governmental funds report capital outlays as expenditures; in the statement of activities, these costs are allocated over their estimated useful lives as depreciation:
Expenditures for capital assets
Change in net assets of governmental activities \$ (64.745.80)

NOTES TO FINANCIAL STATEMENTS

June 30, 2005

NOTE A - Summary of Significant Accounting Policies

The accounting policies of the Tri-City Fire Department conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by the Tri-City Fire Department.

Reporting Entity

Based on the Tri-City Fire Protection Agreement adopted November 1, 1968 the Tri-City Fire Department provides fire protection for the Michigan communities of Keego Harbor, Orchard Lake Village and Sylvan Lake. The three cities contribute equally towards funding the fire department's annual expenditures. The governing body of the Tri-City Fire Department is made up of two members from each city. The fire protection agreement is an annual agreement and can be renewed by the governing bodies of each of the cities. Any city may withdraw from this agreement as of the last day of the term or at any time upon not less than six months notice. Each city is obligated to pay to the Tri-City Fire Department an amount equal to one-third of the total approved annual budget of the Tri-City Fire Department.

As of July 1, 2003 Tri-City Fire Department has contracted with West Bloomfield Township to provide full-time fire protection and Advanced Life Support. The participating cities agree to pay the Township through the Fire Board, who will in turn pay the Township on behalf of the cities.

The initial term of this agreement shall be for 8 (eight) years. Provided that the three cities and Fire Board are not in default, the term shall be automatically extended for up to 4 (four) additional and separate 5 (five) year terms.

Quarterly payments are payable on the first day of July, October, January and April. Subsequent year's payment will increase 5% annually. For the year ended June 30, 2005 the Fire Department paid West Bloomfield Township \$582,750.

The Fire Board is leasing the real property and its equipment and supplies to the Township for \$1.00, annually.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Interest and other items not properly included among program revenues are reported instead as general revenue.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2005

NOTE A - Summary of Significant Accounting Policies (continued)

Revenues are recognized in the accounting period in which they become susceptible to accrual—that is, when they become both measurable and available to finance expenditures of the period. All other revenue items are considered to be available only when cash is received by the government.

Amounts reported as program revenue include: (1) charges to customers or applicants for goods, services or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions. Internally dedicated resources are reported as general revenue rather than as program revenue.

Governmental Funds:

The Fire Department reports the following major governmental funds:

General Fund

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Assets, Liabilities, and Net Assets or Equity

Investments

Deposits are carried at cost and consist of investments in short-term investments.

Receivables

All trade receivables are considered fully collectible by the Fire Department. No provision has been made in the financial statements for noncollection.

Capital Assets

Capital assets, which include land, buildings, vehicles, furniture and equipment are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$2,500. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Capital assets that are being depreciated are reported net of accumulated depreciation in the statement of net assets. Capital assets that are not being depreciated, such as land, are reported separately.

Capital assets are depreciated over their estimated useful lives. Depreciation expense is reported in the statement of activities by allocating the net cost over the estimated useful life of the assets. Assets are depreciated on an individual basis for equipment and buildings.

Property, plant and equipment is depreciated using the straight-line method over the following useful lives:

	Years
Buildings	50
Vehicles	7-20
Furniture and Equipment	5-20

Fund Equity

In the fund financial statements, governmental funds report designations of fund balance, these are tentative management plans that are subject to change.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2005

NOTE B - Expenditures Over Budget

Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund. All annual appropriations lapse at year end. The Fire Department's appropriation resolution is generally passed during the preceding year in which the planned expenditures relate. Subsequent amendments are made to avoid unfavorable variances from the original budget. Related resolutions are made to state the purpose and amount of the changes. The Board Chairman has the responsibility to enforce the budget. Unused appropriations do not carry forward to the next year.

The budget document presents information by fund, function, department and line items. The legal level (the level at which expenditures may not legally exceed appropriations) of budgetary control adopted by the board is at the department (activity) level.

The Fire Department Board must approve budget amendments at the activity level and supplemental appropriations, which affect total fund expenditures. The Board Chairman can transfer appropriations between line items within a department or activity without governing body approval.

Amounts encumbered for purchase orders, contracts, etc., are not tracked during the year. Budget appropriations are considered to be spent once the goods are delivered or the services rendered.

 $P.A.\ 2$ of 1968 as amended, provides that a local unit shall not incur expenditures in excess of the amount appropriated in budget resolutions of the governing body.

Excess of Expenditures Over Appropriations in Budgeted Funds

During the year, the Tri-City Fire Department did not incurr expenditures in certain budgeted funds which were significantly in excess of the amounts appropriated.

NOTE C - Deposits and Investments

Michigan Compiled Laws, Section 129.91, authorizes the Fire Department to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations which have an office in Michigan. The Fire Department is allowed to invest in bonds, securities and other direct obligations of the United States or any agency or instrumentality of the United States; United States government or federal agency obligations; repurchase agreements; bankers' acceptance of United States banks; commercial paper rated within the two highest classifications which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan.

The Fire Board has designated various banks for the deposit of Fire Department funds. The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investment in all of the State statutory authorities as listed above, except repurchase agreement, bankers acceptances, state of local obligations and commercial paper not authorized.

The Tri-City Fire Department's investment policy are in accordance with statutory authority and the investment policy of the Fire Department.

At year-end, the Fire Department's deposits and investments were reported in the basic financial statements in the following categories:

	Governmental Activities			
Cash and Cash Equivalents	\$ 271.382			
Total	\$ 271,382			

The breakdown between deposits and investments is as follows:

	Government
Bank Deposits (checking and savings accounts, certificates of deposit) Investments in Securities, Mutual Funds and Similar Vehicles	\$ 8,589 <u>262,793</u>
Total	\$ 271,382

Primary

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2005

NOTE C - Deposits and Investments (continued)

The Fire Department's investments are categorized to give an indication of the level of risk assumed by the Fire Department at year end. Investments are categorized into these categories of credit risk:

- Insured or registered, or securities held by the Fire Department or its agent in the Fire Department's name;
- 2. Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the Fire Department's name; and
- 3. Uninsured and unregistered, with securities held by the counterparty or by its trust department of agent but not in the Fire Department's name.

Papartad

At year-end, the government's investment balances were categorized as follows:

Category			<i></i>	Amount (Fair		
Primary Government:	1	2	3	\	(alue)	Value
U.S. Government Securities	<u>\$260,754</u>	\$	\$	\$	260,754	\$258,086
Plus accrued interest					2,039	
Total Primary Government				\$	262,793	

Management believes that the investments of the Fire Department comply with the investment authority as noted above, and the investment policy of the Fire Department.

NOTE D - Capital Assets

KNIGHT,

Capital asset activity of the primary government for the current year was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	\$ 225,000.00	\$	\$	\$ 225,000.00
Capital Assets Being Depreciated:				
Buildings	\$1,145,943.87	¢	\$	\$1,145,943.87
Vehicles	459,105.88	Ψ	φ	459,105.88
Furniture and Equipment	145,920.16			145,920.16
. =				143, 320.10
Subtotal	\$1,750,969.91	\$	\$	\$1,750,969.91
Less Accumulated Depreciation for:				
Buildings		\$ 22,918.88	\$	\$ 216,964.80
Vehicles	221,043.60	27,520.31		248,563.91
Furniture and Equipment	68,786.56	<u>12,032.86</u>		80,819.42
Subtotal	\$ 483,876.08	\$ 62,472.05	¢	\$ 546,348.13
332 13 12 .	Ψ 400,070.00	<u>Ψ 02,472.03</u>	Ψ	ψ <u>540,546.15</u>
Net Capital Assets Being Depreciated	\$1,267,093.83	\$(62,472.05)	\$	\$1,204,621.78
		,		
Governmental Activities - Total Capital				
Assets - Net of Depreciation	<u>\$1,492,093.83</u>	\$(62,472.05)	\$	\$1,429,621.78

Depreciation expense was charged to programs of the primary government as follows:

Governmental Activities: Public Safety

\$62,472.05

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2005

NOTE E - Designated Fund Balance:

The Board has established internally designated funds to be used as follows:

Fire <u>Trucks</u>

Balance - July 1, 2004 \$274,334.51

Current year activity:

Board designation (2,273.75)

Balance - June 30, 2005 \$272,060.76

NOTE F - Risk Management:

The fire department is exposed to various risks of loss related to general liability, errors and omissions, property and crime, vehicle liability, vehicle physical damage, fire legal liability, employee injuries, and fire fighters' accidental death. The West Bloomfield Fire Department insures the Fire Department for all the above liabilities.

REQUIRED SUPPLEMENTAL INFORMATION

BUDGETARY COMPARISON SCHEDULE GENERAL FUND

	Original Amended Budget Budget		Actual	Variance - Favorable (Unfavorable)	
Revenues:					
Charges for services: Assessments for fire protection	\$ 582,750.00 12,000.00	\$ 582,750.00 10,000.00	\$ 582,750.00 4,621.94	\$ - (5,378.06)	
Miscellaneous:			(4 447 00)	(4 447 00)	
Loss on sale of security		875.00	(1,147.30) 876.00	(1,147.30) 1.00	
Total revenues	\$ 594,750.00	\$ 593,625.00	\$ 587,100.64	\$ (6,524.36)	
Expenditures:					
Public safety:					
Contracted services - fire protection	582,750.00	582,750.00	582,750.00	-	
Unemployment insurance	1,000.00			-	
General Administration:					
General administration and office expense Bank service fee	1,750.00	1,500.00	1,533.39 300.00	(33.39) (300.00)	
Dank Service ree	\$ 1,750.00	\$ 1,500.00	\$ 1,833.39	\$ (333.39)	
Professional fees	3,800.00	4,397.00	4,397.00	-	
Maintenance - building	1,000.00			-	
Bad debt expense			394.00	(394.00)	
Variable expenses:					
Contingency fees	4,450.00	4,978.00		4,978.00	
Total public safety	\$ 594,750.00	\$ 593,625.00	\$ 589,374.39	\$ 4,250.61	
Excess of revenues over (under) expenditures	\$ -	\$ -	\$ (2,273.75)	(2,273.75)	
Fund balance, beginning of year	274,334.51	274,334.51	274,334.51	_	
Fund balance, end of year	\$ 274,334.51	\$ 274,334.51	\$ 272,060.76	\$ (2,273.75)	

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MEMBERS

AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS MICHIGAN ASSOCIATION OF CERTIFIED PUBLIC ACCOUNTANTS

September 12, 2005

To the Board and Management of the Tri-City Fire Department

FREDERICK C. JANZ

ROBERT I. KNIGHT

KENNETH E. ZINK JOHN M. FOSTER

JOHN W. MACKEY

JOSHUA J. LYNN R.JOSHUA GIRTH

MICHAEL V. HIGGINS

JOHN E. MIELKE, JR. DAWN M. LENGERS

MATTHEW S. PEARCE

In planning and performing our audit of the general purpose financial statements of the Tri-City Fire Department for the year ended June 30, 2005, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control structure. However, we noted certain matters involving the internal control structure and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the Tri-City Fire Department's ability to record, process, summarize, and report financial data consistent with the assertions of management in the general purpose financial statements.

I. <u>Budgets</u>: The adoption of the Michigan Uniform Local Budgeting Act (Act N. 621, Public Acts of 1978), effective for fiscal years beginning after December 31, 1980, has made it mandatory that balanced budgets be adopted and that those budgets be amended before expenditures exceed the budgeted amount. During the year ended June 30, 2005 the fire department had several small budget variances.

We urge the Board to continue to periodically compare budget and actual expenditures and to amend the budget prior to approval of expenditures which will exceed the budget. Budget amendments must be made prior to the end of the fiscal year.

This report is intended solely for the information and use of the Board, management, and others within the administration. However, this report is a matter of public record, and its distribution is not limited.

We would be pleased to discuss any of the aforementioned items with the Board and to assist in the implementation of these recommendations at your convenience.

Very truly yours,

Certified Public Accountants

Jany + Enight, PLC